MEETING MINUTES
HUMAN SERVICES SUBCOMMITTEE
FEBRUARY 6, 1987

The meeting of the human services subcommittee was called to order by Chairman Cal Winslow at 7:35 a.m. in room 108 of the state capitol building on February 6, 1987.

ROLL CALL: All committee members were present.

EXECUTIVE ACTION

DEPARTMENT OF SOCIAL AND REHABILITATIVE SERVICES (DSRS)

Developmental Disabilities Division (DD)

Personal Services

(34a:000) Sen Manning made a motion to accept the LFA current level of $889,389 for 1988 and $888,752 for 1989 adjusted for personal services.

A voice vote was taken and the motion PASSED unanimously.

Operating Expenses

(34a:046) Peter Blouke, LFA, noted the issues involved in the operating expenses line item between the LFA current level and the executive. On the issue of the automated client information system, DD-PAC could fund $7,400 of this program for a one (1) time purchase of equipment, but cannot fund the ongoing operating cost of the program, as it would be in violation of the conditions and terms of their federal grant award.

(34a:128) Sen Manning made a motion to accept the executive of $266,925 (reduced by $7,400) for 1988 and $258,946 for 1989, which includes $5,000 more per year in travel funds than the LFA current level, $10,079 for 1988 and $10,019 for 1989 for the ongoing operational cost to conduct and implement an automated client information system. The reduction of $7,400 in 1988 for the purchase of equipment needed for the system is to be contributed by DD-PAC, and authorization for the operational funds is contingent on DD-PAC's contribution of these funds for the necessary equipment.

A voice vote was taken and the motion PASSED unanimously.

Equipment

Sen Manning made a motion to accept the executive of $1,773 for 1989 only.

A voice vote was taken and the motion PASSED unanimously.

Modified Request - Early Intervention

(34a:163) Rep Bradley made a motion to accept the modified request for spending authority of $531,250 for 1988 and $375,000 for 1989.

A voice vote was taken and the motion PASSED unanimously.

Modified Request - Specialized Services & Support Organization (SSSO)

(34a:200) Chairman Winslow stated that in considering this modified request, that although this does again continue the commitment to the waiting list, it is an expansion of the program, with the 1991 biennium total annualized cost projected to be $2,309,678. From his standpoint, he sees maintenance of the current programs as the highest priority, with the freezes sustained by the providers actually being cuts when inflation takes place at the local levels; and now they are again asked to go two (2) more years with freezes that will cut into the quality of the programs. He would oppose this modified with the intention to see if the savings from the modified could be interjected into a 2% increase per year to be passed on to providers, and providing $100,000 over the biennium into the supported work program with the intention of dealing specifically with special education graduates.

Chairman Winslow called for a motion of intent from the committee on its preference to accept the modified request or support a 2% increase for providers. If there was not consensus for the modified, he suggested a consideration of the 2% increase.

Rep Bradley questioned if the freezes on providers was something that all providers have had to deal with, or something that should be addressed for everyone.

Chairman Winslow stated that freezes on providers needed consideration, but that action on foster care had already been addressed, and to provide an across the board increase for all providers would cost millions of dollars, while in this case, workers were receiving very little compensation for the work they were performing.

Rep Bradley explained that she felt freezes were something that should be addressed at some point on an across the board basis. She stated the more she has heard the more she was convinced of a sense of crisis in the next two (2) years if that was not done.

Chairman Winslow replied that he would prefer not to take across the board motions on percentages, feeling that some providers could probably take a freeze.

(34a:300) Dennis Taylor, DD, spoke on the benefits of accepting this modified, including its position as a priority over all the other unmet needs that exist, those in support of this proposal, and described it as a joint effort to move into the future with the best use of funds at this point.

Chairman Winslow stated he felt this was an extremely important program, one that should be addressed. But unless additional revenue is found, unfortunately whatever modified requests might be passed by the subcommittee could be taken out.

Dave Lewis, director of SRS, stated he was offended by the trade off of expansion for increases for DD providers, and that prioritization dictated that it was critical that new slots be established.

Rep Bradley felt it was the subcommittee's obligation to support this request, and when the issue of increased taxes arises for new revenue, this request be presented as justification to that end. If no revenue is available, then this program could be cut out she stated, and that her intention at some point is to submit a proposed list of providers for whom a 2% a year increase should be considered.

Discussion followed on this modified dealing with third party reimbursement, prioritization, expansion, maintenance of quality, and Medicaid program problems.

(34a:489) Sen Himsl interjected that this is a new program, a spinoff of HB 909 planning, with $30,000 per individual for implementation. He stated we cannot meet all of the needs, and that prioritization of present programs takes precedence over new programs. He stated an assumption is being made that appropriations are going to be made at current revenue level, which isn't true.

Rep Switzer concurred with Sen Himsl, and stated taxpayer consideration was also important.

Rep Bradley made a motion to adopt the modified request for the Specialized Services and Support Organization.

A roll call vote was taken and the motion FAILED, with Chairman Winslow, Sen Harding, Sen Himsl and Rep Switzer voting no, Sen Manning, Rep Bradley, and Rep Connelly voting yes.

(34a:582) Sen Manning made a motion to pass a 2% per year increase to be passed on to DD community based providers in the amount of $893,769 in general fund dollars, $1,049,641 total dollars.

(34b:000) A voice vote was taken and the motion PASSED unanimously.

Sen Manning made a motion to accept $50,000 per year of the biennium for supported work, with additional dollars to be used for youth graduating from special education.

(34b:110) A voice vote was taken and the motion PASSED unanimously.

Grants

Peter Blouke, LFA, stated that the amount available for transfer from the LIEAP program has been reduced by $65,762 each year of the biennium due to a reduction in federal funds available. He stated an option for the committee would be to make up this difference with general fund monies. The committee has already acted on the LIEAP funding, and the percentage available to go to Developmental Disabilities. However, if more funds were to become available, they could be budget amended.

(34b:224) Sen Himsl made a motion to accept $17,312,408 for each year of the biennium, reduced by $65,762 each year to reflect the reduction in available LIEAP funds. Should any additional funds become available they are to be budget amended.

A voice vote was taken and the motion PASSED unanimously.

Peter Blouke summarized the previous activity for clarification: the 2% addition would be taken on the $17,378,170, less the $65,762, and then $50,000 per year would be added for supported work.

Community Services Division (CSD)

Social Security Income (SSI)

(34b:282) Peter Blouke, LFA, covered the issues and options concerning the state SSI payments (exhibit 1).

(34b:331) Sen Manning made a motion that if allowable under federal statute, when the federal government raises the federal portion of the SSI payment, SRS should reduce the state supplement, and the reduction of state funds reverted to the general fund.

A voice vote was taken and the motion PASSED unanimously.

(34b:357) Sen Manning resumed the chair in the absence of Rep Winslow.

Peter Blouke then covered revenue for the Domestic Violence, Alcohol and Drugs, and Big Brothers and Sisters that would be generated by earmarked funds to support these programs. In discussion with the department, he stated this would cause some problems with the department, and some question exists whether or not the earmarked funds would pass through the legislature. A joint recommendation to the committee was that the funding for the programs be based upon their best estimate of the amount of revenue that would be collected for the particular program through the generated fees.

Alcohol and Drug Abuse Program

(34b:403) Rep Connelly made a motion to accept $205,000 per year of the biennium for the program, to be generated by the $ .30 per barrel tax on beer.

A voice vote was taken and the motion PASSED unanimously, with Rep Winslow absent.

Discussion then proceeded on the funding for the Big Brothers and Sisters program, including state and local match funding, and whether funding should be limited to a fee funding source.

Big Brothers and Sisters

(34b:577) Sen Himsl made a motion that the program be funded through the revenue generated by an increase to the dissolution of marriage fees, with no additional general fund monies to be expended. (Increase fee of $20, generating $100,000).

(34b:600) Rep Bradley made a substitute motion that this program be funded at current level of $152,000 per year of the biennium, with the inclusion of anticipated general fund dollars, which are not sufficient to cover the entire program, but to alleviate any decrease in the funding level.

A roll call vote was taken and the motion FAILED on a tie vote, with Sen Harding, Sen Himsl, and Rep Switzer voting no, Sen Manning, Rep Bradley, and Rep Connelly voting yes, and Rep Winslow absent.

(35a:000) A roll call vote was then taken on Sen Himsl's motion, and the motion PASSED, with Rep Bradley voting no, and Rep Winslow absent.

Lee Tickell, administrator of Economic Assistance, briefly covered County Assumption, which involves the administrative expenses of the twelve (12) state administered counties minus travel and personal services.

EXECUTIVE ACTION

Economic Assistance (EA), SRS

County Assumption

Operating Expenses

(35a:171) Sen Himsl made a motion to accept the executive of $1,203,289 for 1988 and $1,195,318 for 1989.

A voice vote was taken and the motion PASSED unanimously, with Rep Winslow absent.

Equipment

Sen Himsl made a motion to accept the executive of $15,262 for 1988 and $15,262 for 1989.

A voice vote was taken and the motion PASSED unanimously, with Rep Winslow absent.

Lee Tickell, EA, then covered the Medical Assistance Bureau, and introduced his staff to the committee.

His presentation covered the following areas: Medicaid/Medicare comparison and contrasts (exhibit 2), Medicaid claims processing contract with Consultec (exhibit 3) and described the current option to contract the claims processing or use the mainframe computer system, the Medicaid Management Information System (MMIS) enhancements and justification (exhibit 4), Medicaid Utilization Review, which is federally mandated (exhibit 5), and the Health Department survey and certification contract for long term care facilities participating in Medicaid (exhibit 6).

The meeting was adjourned at 10:00 a.m. (35a:686)

Cal Winslow, Chairman

cw/gmc/2.6

DAILY ROLL CALL

HUMAN SERVICES SUB COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 6, 1987

| NAME | PRESENT | ABSENT | EXCUSED |
|---|---|---|---|
| Rep. Cal Winslow, Chairman | X | | |
| Sen. Richard Manning, Vice Chair | X | | |
| Sen. Ethel Harding | X | | |
| Sen. Matt Himsl | X | | |
| Rep. Dorothy Bradley | X | | |
| Rep. Mary Ellen Connelly | X | | |
| Rep. Dean Switzer | X | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

ROLL CALL VOTE

HUMAN SERVICES SUBCOMMITTEE

DATE February 6, 1987 AGENCY SRS - Dev Dis Division NUMBER 1

| NAME | AYE | NAY |
|---|---|---|
| Rep. Cal Winslow, Chairman | | XXX |
| Sen. Richard Manning, Vice Chairman | XXX | |
| Sen. Ethel Harding | | XXX |
| Sen. Matt Himsl | | XXX |
| Rep. Dorothy Bradley | XXX | |
| Rep. Mary Ellen Connelly | XXX | |
| Rep. Dean Switzer | | XXX |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | 3 | 4 |

TALLY

Secretary Chairman

Motion: Rep Bradley made a motion to adopt the modified request for a Specialized Service and Support Organization (SSSO)

Form CS-31A
Rev. 1985

ROLL CALL VOTE

HUMAN SERVICES SUBCOMMITTEE

DATE February 6, 1987 AGENCY SRS - Big Bros and Sis. NUMBER 2

| NAME | AYE | NAY |
|---|---|---|
| Rep. Cal Winslow, Chairman ABSENT | | |
| Sen. Richard Manning, Vice Chairman | xxx | |
| Sen. Ethel Harding | | xxx |
| Sen. Matt Himsl | | xxx |
| Rep. Dorothy Bradley | xxx | |
| Rep. Mary Ellen Connelly | xxx | |
| Rep. Dean Switzer | | xxx |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TALLY | 3 | 3 |

Secretary Chairman

Motion: Rep Bradley made a substitute motion that this program be funded at current level of $152,000 per year of the biennium, with the inclusion of anticipated general fund dollars, which are not sufficient to cover the entire program, but to eliviate any decrease in the funding level.

Form CS-31A
Rev. 1985

ROLL CALL VOTE

HUMAN SERVICES SUBCOMMITTEE

DATE February 6, 1987 AGENCY SRS - Big Bros & Sisters NUMBER 3

| NAME | AYE | NAY |
|---|---|---|
| Rep. Cal Winslow, Chairman ABSENT | | |
| Sen. Richard Manning, Vice Chairman | xxx | |
| Sen. Ethel Harding | xxx | |
| Sen. Matt Himsl | xxx | |
| Rep. Dorothy Bradley | | xxx |
| Rep. Mary Ellen Connelly | xxx | |
| Rep. Dean Switzer | xxx | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| TALLY | 5 | 1 |

Kyle Carpenter
Secretary

Richard E. Manning
Chairman

Motion: Sen Himsl made a motion that the program be funded through the revenue generated by an increase to the dissolution of marriage fees, no general fund monies to be expended (increase fee of $20, generating $100,000).

Form CS-31A
Rev. 1985

EXHIBIT 1
DATE 2-6-87
HB

COMMUNITY SERVICES

Supplemental Security Income

1. Issue: Should the state pass along any increases in the federal portion of the Supplemental Security Income payments?

2. Example: At the beginning of fiscal 1988 the federal portion of the SSI payment is equal to $360 per month. The state supplement to the SSI payment is $84.50 for a total SSI payment to the recipient of $444.50. In October, 1987 the federal government raises the federal portion by $10 for a total federal SSI payment of $370.

3. Option A. Should SRS reduce the state supplement by $10? If this reduction is made the total SSI payment will remain at $444.50 and the $10 reduction of state funds would be reverted to the general fund.

4. Option B. Should SRS pass along the federal increase and not reduce the state supplement? In this case the new Total SSI payment would be $454.50.

EXHIBIT 2
DATE 2-6-87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Economic Assistance Division

# MEDICAID/MEDICARE COMPARED AND CONTRASTED

Medicare is a federal health insurance program for people 65 or older, people of any age with kidney failure and certain disabled people. Medicare is implemented in Title XVIII of the Social Security Act and is administered by the Federal Department of Health and Human Services.

Medicare has two parts - hospital insurance, which is known as Part A coverage, and medical insurance, which is known as Part B coverage. Part A coverage is financed through a portion of the Social Security (FICA) income tax. Part B coverage is optional and is financed from monthly premiums paid by people who elect that particular coverage. Medicare insurance helps pay for medical care regardless of the financial resources of the beneficiary. Both Parts A and B contain deductible and co-insurance provisions and are limited benefit programs. That is, Medicare does not fully cover some services and provides no coverage for other services, such as optical and dental services.

Medicaid is an entitlement program which pays for health care services of economically needy people. Medicaid is implemented in Title XIX of Social Security and is funded jointly by federal and state governments. Medicaid programs are designed and administered by individual state governments.

People who qualify for Medicaid may receive certain benefits which are mandatory of any Medicaid program such as hospital care, skilled nursing facility services, physician and home health aid agency services. At the discretion of the state agency, the Medicaid program may provide several optional services such as dental, optical and pharmacy services as well as intermediate level care nursing services.

While both Medicare and Medicaid arise from the Social Security Act the programs are distinct from one another and benefit a specific group of people. Qualification for one program does not guarantee qualification for the other.

An example of this is that Medicare is intended primarily for persons who are aged and disabled. If these people are also economically needy, they may qualify for coverage by Medicaid. In these situations, the benefits allowed by both programs are coordinated by the administrative bodies of each program.

EXHIBIT 3
DATE 2-6-87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Economic Assistance Division

MEDICAID CLAIMS PROCESSING CONTRACT - CONSULTEC, INC.

In Montana, claims for services provided to Medicaid recipients are processed by Consultec, Inc. under contract to the Department of SRS. The contract with Consultec, Inc. is for a term of thirty-six months; operations began on March 1, 1985 and will continue through February 29, 1988. The previous Medicaid 'fiscal agent' in Montana was Hancock-Dikewood Services, Inc.

Consultec maintains a claims processing facility in Helena, though the main computer and head office is in Atlanta, Georgia. The staff in Helena includes an executive director for the Montana project, a systems analyst, and staff for provider relations and data entry. Approximately 30 employees work at Consultec in Helena. Corporate management and the mainframe computer are located in Atlanta.

Consultec is responsible for operating the Montana Medicaid Management Information System (MMIS) of which claims processing is a major part. The other major subsystems are: Management and Administrative Review (MARS), Surveillance and Utilization Review (S/URS), and subsystems to monitor recipients, providers and fee schedules. The computer software, which makes up the MMIS, was developed by Consultec at a cost of $3.2 million. The State of Montana now owns that computer software. The cost to the State of Montana was 10% or $320,000; the federal government funded the remaining 90%.

Approximately 1.2 million claims per year are processed through the MMIS. Consultec is reimbursed at a fixed rate per month, $80,728.33, regardless of how many claims are processed. The operations contract is paid with 25% state general fund and 75% federal fund.

EXHIBIT 4
DATE 2-6-87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Economic Assistance Division

MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS) ENHANCEMENTS

Since the start of the contract with Consultec, Inc. for operation of the Medicaid Management Information System (MMIS) approximately $264,100 has been spent on system enhancements. This amount is in addition to the monthly operations rate of about $80,000 paid to Consultec.

Of the twenty-five projects completed, to date, five large projects account for over $216,000 of the total. The remaining twenty projects account for $47,000 of the total and have an average cost of $2,384. Consultec bills the Department $66 per hour of analyst time for enhancements.

System enhancements are installed in the MMIS for three basic reasons:

1. To modify the system to conform with changing federal regulations.

2. To remedy deficiencies which were not anticipated in the original system design.

3. To enhance the efficiency and effectiveness of system operations; and which prove to be cost beneficial.

The most expensive MMIS enhancement to date is implementation of a Diagnostic Related Group (DRG) based hospital prospective payment system. Work on this project is still in progress and the cost is anticipated to be about $118,000. Under the DRG system, hospitals will receive a fixed payment per patient discharge compared to the current cost-based reimbursement methodology.

A system modification costing $37,440 was implemented in early 1985 to change the reimbursement system for outpatient laboratory services. The federal government mandated specific procedures for these services which all state Medicaid agencies had to follow.

The capability to price line items on hospital claims was not a part of the original MMIS system design. After it became apparent that it would be cost effective to do so, $29,040 was spent to modify the MMIS in July of 1985. The ability to differentiate between allowable and non-allowable charges will result is benefit savings far and above the cost of the enhancement.

Another federally mandated system change was the implementation of the HCPCS coding system. HCPCS stands for Health Care Financing Administration Common Procedure Coding System. HCPCS standardizes the billing codes in Medicaid and Medicare payment systems. All states were required to implement HCPCS; Medicare has been using the system for several years. The appropriate system changes cost $21,334.

EXHIBIT 5
DATE 2.6.87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Economic Assistance Division

MEDICAID UTILIZATION REVIEW

Utilization review is a federally mandated portion of the Medicaid program designed to insure that medical care provided by hospitals and nursing homes is medically necessary, provided in the most economical manner, and is of a high quality.

We currently contract with the Montana/Wyoming Foundation for Medical Care to perform utilization review in all Medicaid certified nursing homes. An Inspection of Care Review is done on-site annually and consists of an inspection of each resident's medical record as well as personal contact with and observation of each recipient. This review is followed six months later by a Continued-Stay Review where the medical record is examined to determine whether the recipient continues to receive quality care and continues to meet the medical indications for nursing home care. The third review performed at the nursing home level under the UR contract is a monitoring of each facility's patient assessment abstracts. Scores from these abstracts are used to determine the facility's rate of reimbursement for the upcoming year under our current prospective payment system. We are also currently performing a review of all nursing home mortalities to insure that adequate care was provided.

We are currently utilizing a pre-admission screening program as our primary review of inpatient Medicaid services in the hospital. This program is a contracted service with the Foundation and consists of a phone review of the recipient's medical condition prior to admission and an assigned length of stay based on that condition. This program has been most successful since it implementation in March, 1985 in reducing the average length of stay. For the quarter January-March, 1985 the average length of stay was 5.29 days, this decreased to 4.48 days in January-March, 1986.

Cases which are not pre-screened by the Foundation because of retroactive eligibility or non-compliance with the program for some other reason are reviewed by the UR program in the Department. In addition, the UR program also reviews all home health claims that total $400/month to insure that care given was medically necessary.

EXHIBIT 6
DATE 2-6-87
HB

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Economic Assistance Division

# HEALTH DEPARTMENT SURVEY AND CERTIFICATION CONTRACT FOR LONG-TERM CARE FACILITIES PARTICIPATING IN MEDICAID

The Medicaid Bureau contracts with the Montana Department of Health and Environmental Sciences to perform a survey of all Nursing Homes participating in the Medicaid program.

They perform an annual on-site inspection of each facility with a follow-up survey as needed to assure that each facility is in compliance with federal and state rules and regulations governing Medicaid participation. Their screening team is multi-dimensional and includes a registered nurse, dietician, building codes inspector, and social worker. All aspects of care are examined from building and fire code regulations to medication delivery to observing and testing at least two meals in each facility.

These surveys are mandated in order to receive the federal portion of the Medicaid dollar for long-term care facilities. The regulations specify that the Health Department must perform these surveys to assure the health and safety of the Medicaid recipients and should life-threatening or repeated violations of a standard be found, the facility would be sanctioned or terminated from providing care to Medicaid recipients. Because of federal regulations, the Health Department even though they are mandated to perform these services, cannot directly receive the federal portion of these funds and so Medicaid bills for these services and passes these funds on to them.

VISITORS' REGISTER

HUMAN SERVICES SUBCOMMITTEE

BILL NO. _____ DATE February 6, 1987

SPONSOR _____ DEPT _____

| NAME (please print) | Representing | SUPPORT | OPPOSE |
|---|---|---|---|
| Penny Wheeler | Billings | ✓ | |
| John Fily | Hamilton | ✓ | |
| Dennis M. Taylor | DOD SRS | ✓ | |
| Jackie Stanford | SRS | ✓ | |
| Chris Volinkaty | DD | ✓ | |
| Barbara Archer | Women's Lobbyist Fund | ✓ | |
| Chris Paladino | DD Planning Council | ✓ | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.